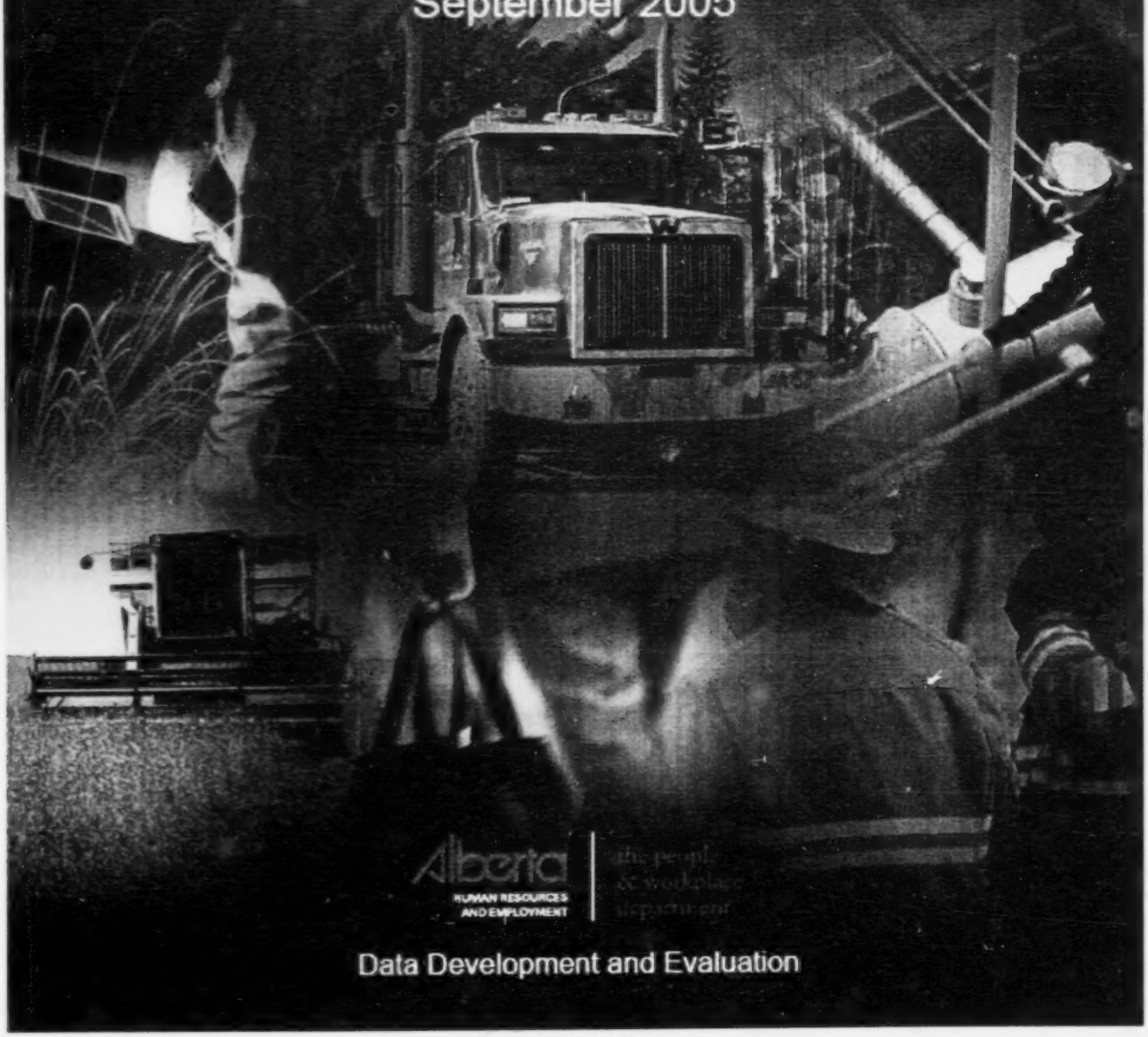
Alberta Regional Occupation Outlook: 2005-2010

Lethbridge - Medicine Hat Economic Region Summary Report

September 2005



Alberta
HUMAN RESOURCES AND EMPLOYMENT

the people & workplace department

Data Development and Evaluation

Alberta Human Resources and Employment (AHRE) has continued to develop a regional occupation model that produces employment projections for 140 different occupations across Alberta and for the eight economic regions. This forecast is a useful tool for the Government of Alberta to help address related policy issues and to aid in developing responsive strategies.

The forecast summarizes expected employment by industry, occupation, and economic region. Industries are classified using the North American Industry Classification System (NAICS). Occupations are classified by the National Occupational Classification (NOC) system. For more information regarding these classification systems please visit the websites listed below.

This document provides a broad overview of the results of the forecast for the Lethbridge-Medicine Hat Economic Region. A complete listing of the employment projections is available for all eight economic regions (47 occupations) and for Alberta (140 occupations) on the AHRE website listed below.

- **NAICS** - http://www.statcan.ca/english/Subjects/Standard/naics/2002/naics02-index.htm
- **NOC** - http://www23.hrdc-drhc.gc.ca/2001/e/generic/welcome.shtml
- **AHRE Employment Projections** - http://www3.gov.ab.ca/hre/lmi/occforecast.asp

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GDP is expected to grow by 2.2% annually

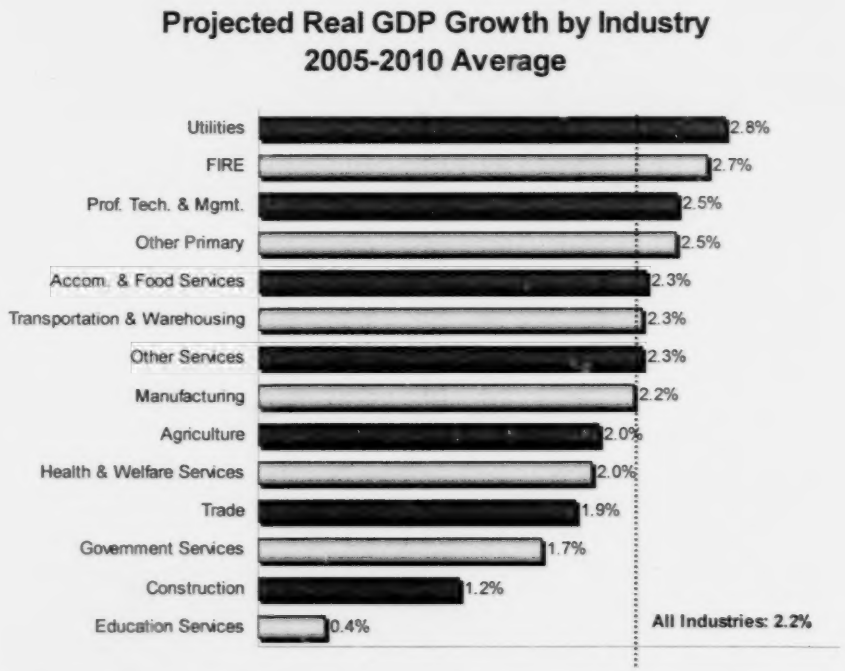
From 1994-2004, Alberta's economy was one of the fastest growing provincial economies in Canada. Gross Domestic Product (GDP) output in the province grew by an annual average of 3.8%. Employment in the province grew by more than 470,200 jobs over the past ten years. Over the forecast period of 2005-2010, GDP growth in Alberta is expected to average 3.3% annually. This is slightly higher than the expected average annual GDP growth of 3.2% for Canada.

The Lethbridge-Medicine Hat Economic Region currently contributes the fourth largest share of Alberta's GDP among the eight economic regions. Over the forecast period, GDP output in this region is expected to grow by 2.2% annually.

The Utilities industry will show strong GDP growth

Of the fourteen classified industries, the Utilities industry is expected to show the highest average GDP growth in the Lethbridge-Medicine Hat Economic Region. The development of major wind-power stations in the area is largely responsible for this growth. The Finance, Insurance, Real Estate and Leasing industry will also see strong GDP growth, averaging 2.8% annually. Chart 1 shows the average GDP growth for all industries over the forecast period.

Chart 1



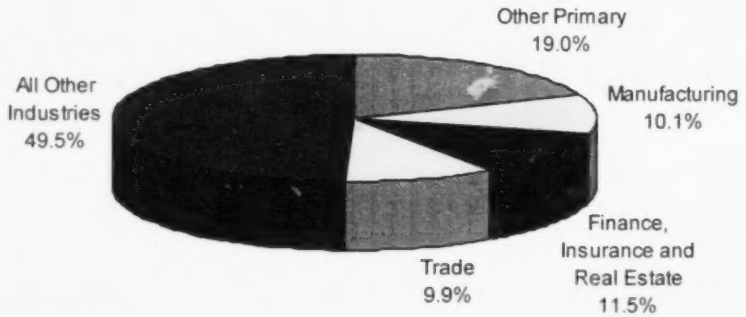
Source: Alberta Regional Occupation Outlook: 2005-2010

Two industries will account for an average of 30.2% of total GDP

In the Lethbridge-Medicine Hat Economic Region, two industries will account for nearly one third of the total GDP output over the forecast period. The Other Primary industry (Oil, Gas, Mining, and Forestry) will contirbute 19.0% and the Finance, Insurance, Real Estate industry will contribute 11.5%. Over half of the region's GDP comes from four industries (see Chart 2). Together, the Other Primary industry, the Finance, Insurance, Real Estate industry, Manufacturing industry and Trade industry account for 50.5% of the region's total GDP.

Chart 2

Industry Shares of Total GDP, 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

Major investment projects in the region are valued at almost $1 Billion

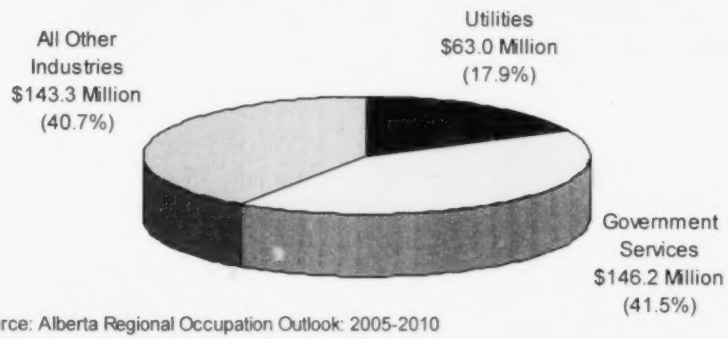
One of the most important factors to consider when estimating the future growth of a regional economy is the spending on major projects. The development of these projects creates jobs during planning, construction and upon completion. The list includes projects that are proposed, under construction or recently completed in the Lethbridge-Medicine Hat Economic Region. Only projects with a value of at least $2 Million are included. These projects have a significant effect on employment in the Construction industry and also create employment in many other industries such as Utilities and Other Primary.

The Government Services industry will account for 41% of major project spending

The major project spending will occur in various industries (see Chart 3). Publicly funded projects (mainly schools and roads classified under Government Services) will account for over $146 Million in major project spending. Some of the projects are directly related to the Utilities industry and the development of wind-power generation stations. The region's largest project is the Vision Quest Windelectric Ltd. wind farm near Summerview. This project alone accounts for almost 16% of the total spending in the region with a value of $55 Million.

Chart 3

Industry Shares of Major Project Spending



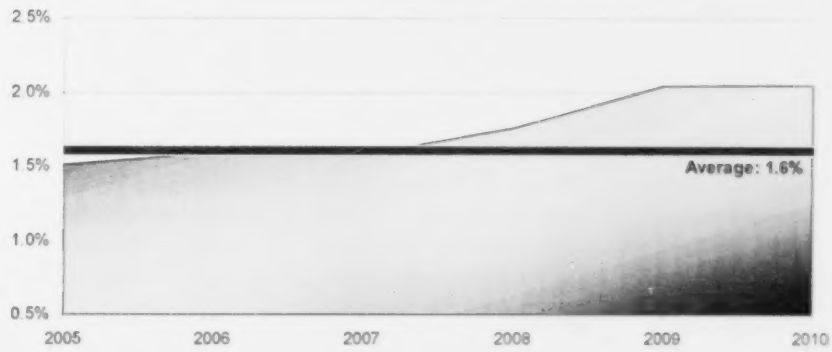
Source: Alberta Regional Occupation Outlook: 2005-2010

Employment growth is expected to average 1.9% annually

Over the forecast period of 2005-2010, employment in the Lethbridge-Medicine Hat Economic Region is expected to climb from 129,500 in 2004 to 144,900 in 2010. This represents an average growth rate of 1.9% annually and the creation of over 15,300 new jobs. The region's unemployment rate is expected to remain relatively stable and will average 5.0% over the forecast period. The region's average annual employment growth is displayed in Chart 4. The Lethbridge-Medicine Hat Economic Region is expected to experience stable employment growth over the forecast period. The relatively slow employment growth from 2005-2007 may also be a result of the continuing difficulties facing the Agriculture industry due to the discovery of Bovine Spongiform Encephalopathy (BSE).

Chart 4

Average Annual Employment Growth (%), 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

Over 15,000 new jobs will be created in the Lethbridge-Medicine Hat Region

The Lethbridge-Medicine Hat Economic Region will generate over 15,000 new jobs over the forecast period of 2005-2010. This represents one of the largest gains in employment outside of the Calgary and Edmonton Economic Regions. The region will account for approximately 6% of all new jobs in Alberta.

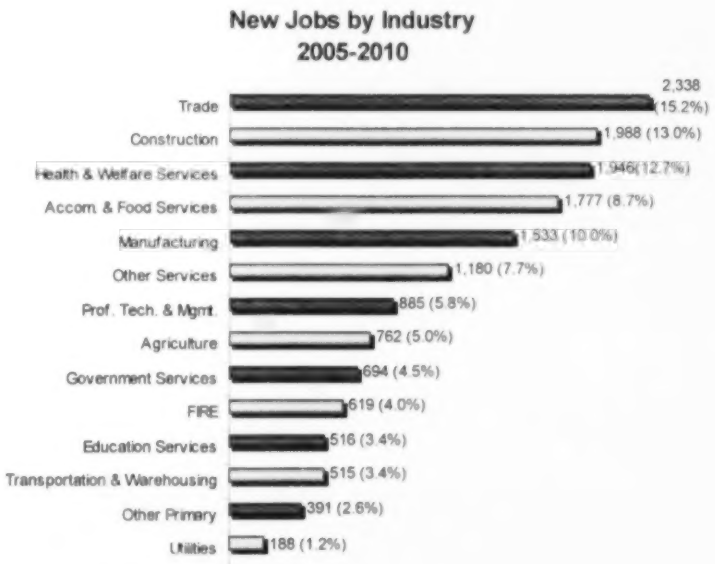
The Trade industry will provide more new jobs than any other industry

The employment outlook is broken out into fourteen different industries. The Trade industry is expected to generate over 2,300 new jobs over the forecast period, the most for any single industry (see Chart 5). Other industries generating a large number of new jobs include: Construction (+1,980), and Health and Welfare Services (+1,940). A strong residential construction market and the aging populations demand for health services may explain the high growth in these industries.

The Accommodation and Food Services industry will have the highest average growth rate

The region's Accommodation and Food Services industry is expected to generate over 1,700 new jobs from 2005 to 2010. This represents an average growth rate of 3.0% annually. Other high growth industries include: Construction (+2.8%) and Health and Welfare services (+2.4%).

Chart 5



Source: Alberta Regional Occupation Outlook: 2005-2010 *Share of total new jobs in brackets (%

The Retail Sales Person and Sales Clerk occupation is expected to create more new jobs than any other occupation

At the 140 occupational level, the Retail Salesperson and Sales Clerks occupation is expected to create over 600 new jobs from 2005 to 2010. This classification includes Retail Salespersons and Salesclerks. An ageing workforce along with a high demand for retail trade are contributing factors to the high number of new jobs in this occupation. Other occupations expected to generate a significant number of new jobs include: Occupations in food and beverage service (+487), and Cleaners (+459). Please see Table 1 below.

Occupations in Food and Beverage Service are expected to have the highest average annual growth rate

Occupations in Food and Beverage Service are expected to have an average growth rate of 3.7% annually, the highest of any of the 140 occupations. This growth rate represents the creation of over 480 new jobs from 2005 to 2010. The strong commercial construction industry in this region is fuelling this high growth. Other occupations with high average growth rates include: Clerical occupations, general office skills (+3.6%), Food Counter Attendants, Kitchen Helpers and related (+3.3%), and Finance and Insurance clerks (+3.1%). Many of the ten fastest growing occupations are service or construction related.

Table 1

New Jobs by Occupation, 2005-2010

NOC Occupations	New Jobs	Share of Total
Retail salespersons and sales clerks	609	4.3%
Occupations in food and beverage service	487	3.4%
Cleaners	459	3.2%
Food counter attendants, kitchen helpers and related	453	3.2%
Motor vehicle and transit drivers	449	3.2%
Contractors, operators and supervisors in agriculture	442	3.1%
Clerical occupations, general office skills	364	2.6%
Secretaries, recorders and transcriptionists	350	2.5%
Managers in retail trade	335	2.4%
Chefs and cooks	327	2.3%

Source: Alberta Regional Occupation Outlook: 2005-2010